

BOARD OF FINANCE

12 December, 2012

BURLINGTON TELECOM - INTERNET BANDWIDTH

BT currently has agreements with two companies for internet bandwidth; Vermont Telephone Company (VTEL), based in Springfield VT, and TelJet Long-haul, based in Williston.

BT currently contracts for 2 Gigabits of bandwidth, split equally between its two providers. During peak evening usage hours we are now consistently experiencing a slowdown in service that needs to be rectified by the addition of more bandwidth.

BT last approached the BOF in January 2012 seeking approval to execute a 12 month agreement with TelJet.

Rather than increase supply with either of its existing providers, BT is seeking to add an additional 1 Gigabit with a third source of supply, Sovernet. The key reason for this is operational. BT periodically experiences downtime and supply shortfalls or outages with each of its suppliers, in line with the norms for the industry. The addition of a third source of supply will enable BT to spread that risk more thereby widely reducing the risk of a severe shortfall in service as a result of one source of supply impacting BT.

Such a move would ordinarily come at a cost, given that BT would be spreading its volume more thinly in a business that prices on volume and term of commitment. In this case BT has managed to negotiate a price that would represent a savings of at least \$3,000 a month on current prices being paid, and possibly as much as \$6,000 a month.

The cost of the additional bandwidth is provided for in full in BT's FY 2013 budget. BT is seeking the approval of the BOF to execute a 12 month agreement with Sovernet in order to maintain customer service levels and add new customers to BT's service.

Sincerely,



Stephen Barraclough
Dorman and Fawcett

Interim General Manager
Burlington Telecom